

PACIFIC OCS REGION

OCS Policy Committee Meeting

Herndon, Virginia

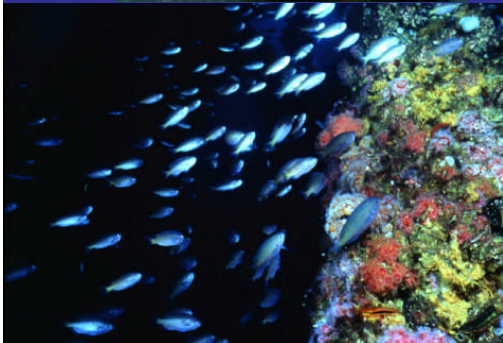
March 5-6, 2008



MMS Minerals
Management
Service

Program Objectives

- Safety of people, operations, and environment through vigilant inspection program
- Conservation of resources through sustained long-term production
- Cooperation with States and local entities to work toward alternative energy in the Region



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Inspection Program

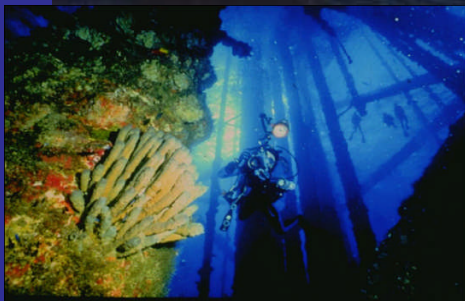
- Robust inspection program
 - Operational safety and environmental compliance
 - Inspection presence 365 days/yr
 - Inspectors, engineers, environmental scientists involved
 - Annual unannounced spill response drills
 - Focused Facility Reviews (3/yr)
 - Annual Performance Reviews w/ operators
- Cooperation
 - Santa Barbara County: Quarterly reporting and availability to Board of Supervisors
 - Pipelines: MOA w/ CA & DOT to cooperate on inspections.

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Inspection Program Results 2007

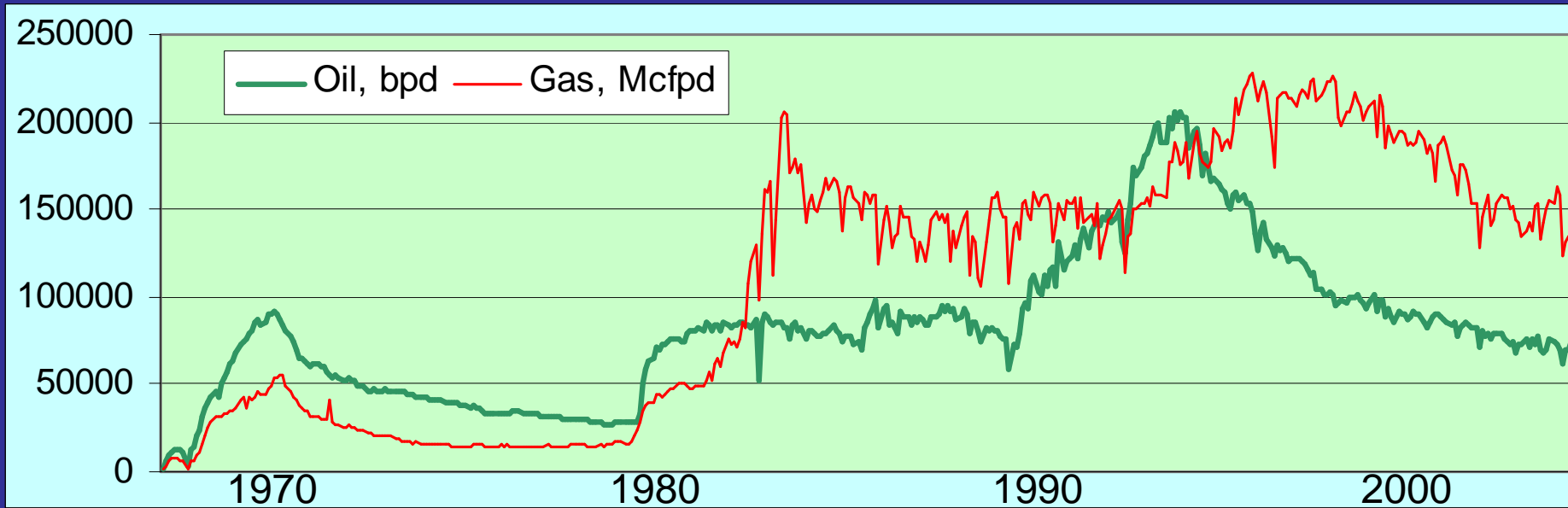


- Maintaining excellent safety
 - Only minor spills, largest of which was 2 barrels
- Vigilant inspections and follow-up
 - 1281 inspections conducted, many with environmental component
 - 118 INC's (Incidence of Non-Compliance) issued, all production related
 - Civil Penalty Program



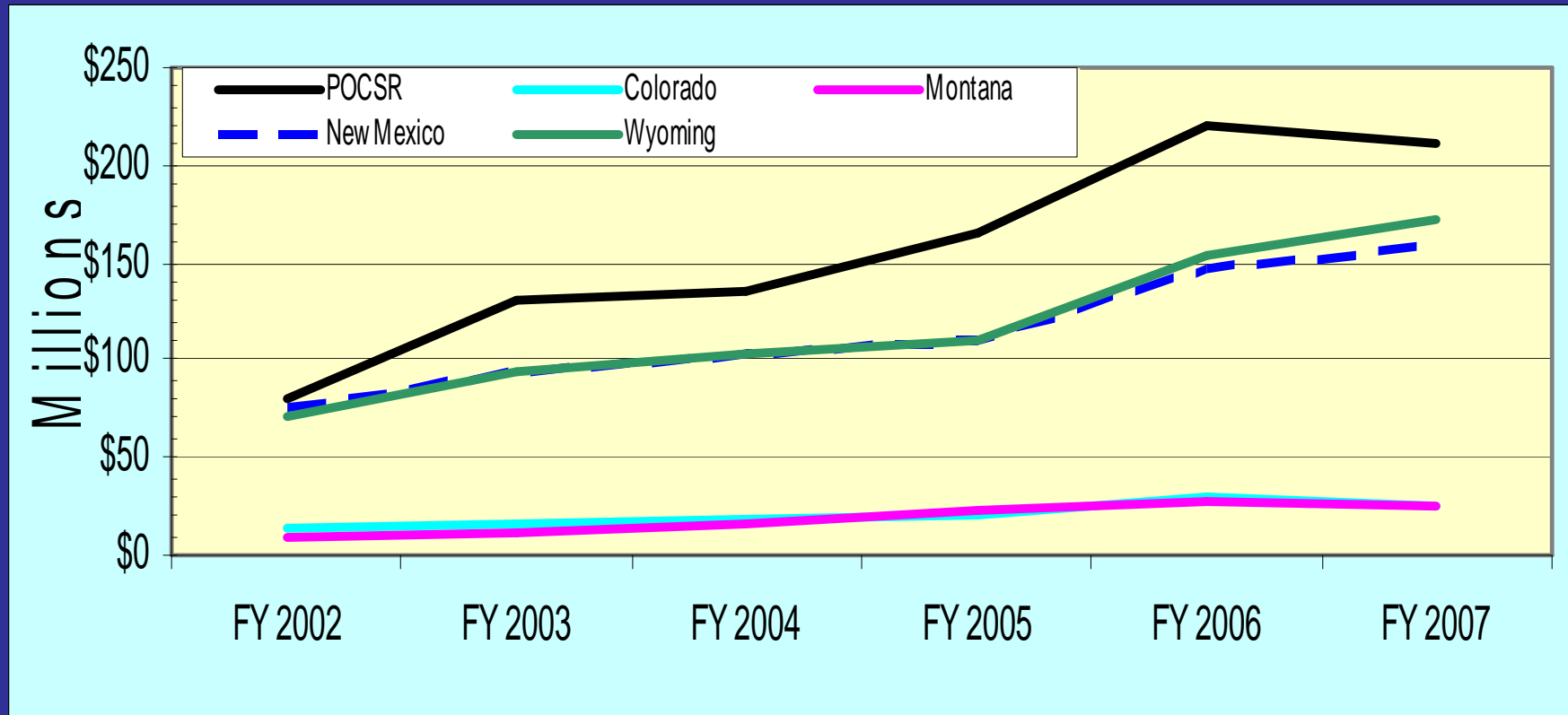
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Sustaining Production



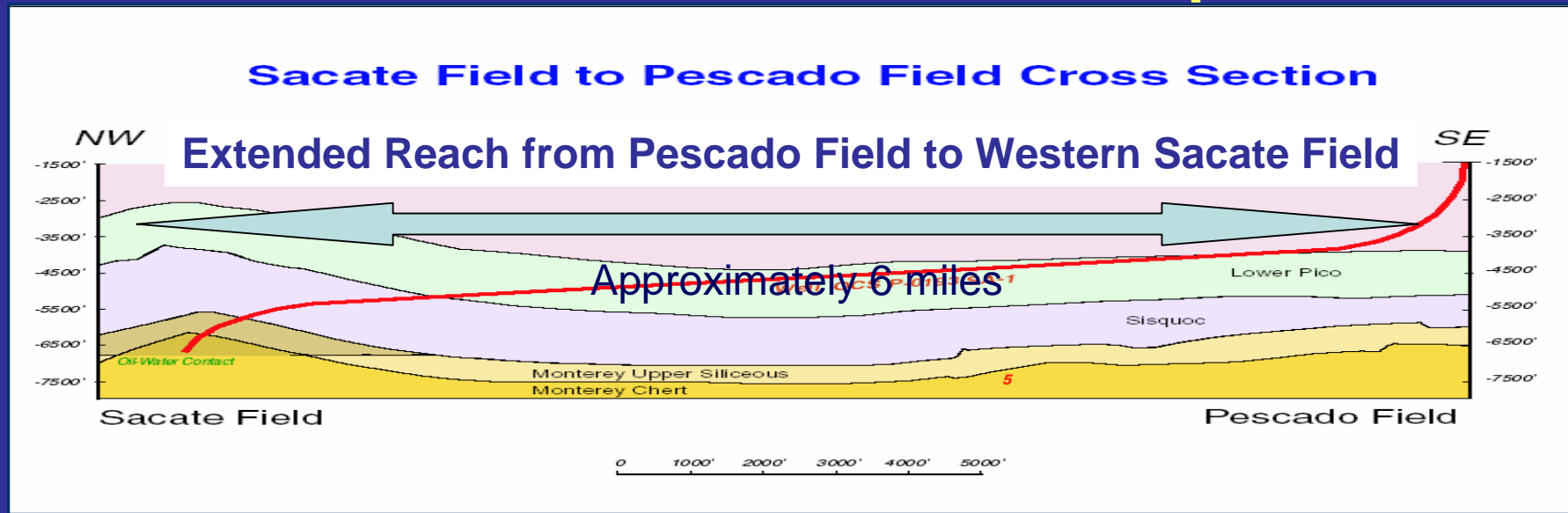
- Estimated 2007 production: Almost 25 MMbbl oil and 46 Bcf gas
- All Pacific OCS fields still producing; some on production almost 40 years
- Smaller operators working to bring new life to old fields
 - Spending money on reassessment of geophysical data, fault block analysis, infill drilling, enhanced recovery technologies
 - Drilling average 17 wells/yr; decreased somewhat in 2007
- No impending decommissioning

Oil Revenue to U.S.



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New OCS Field Development



Extended-reach drilling technology is key

- Santa Ynez Unit (SYU) production expanded
 - Latest well (5.6 mile reach): Offshore world record and N. American record onshore and offshore
 - Continued extended-reach drilling into Sacate Field will add 60-100 million barrels of oil and about 145 billion cubic feet of gas
- Also, Rocky Point, Carpinteria (State) and Tranquillon Ridge (State)
- Not restricted to oil wells. Drilled pipelines?

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Other Projects

Interagency Cooperation is Critical

- State/Federal Oil and Gas Proposals

Tranquillon Ridge, Carpinteria Offshore

- CIAP Revenue Sharing

17 eligible counties & numerous State agencies (7-10) likely to apply

- Alternative Energy Projects

MMS interim policy received 43 nominations nationwide

Some off the west coast (mostly wave)

- LNG Deepwater Ports

Clearwater Port, Ocean Secure Energy Port (technical expertise and ROW responsibility)

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Studies, Partnerships, Education and Outreach



- Studies

- Started '73, 189 studies, \$124 MM
- MMS/UCSB coop study biotech report on potential cancer drugs from organisms growing on platforms.

- MARINE

- Largest long-term monitoring program on the Pacific coast
- Several decades of rocky intertidal data
- Common database & common protocols

- Educational Outreach

- Lesson plans created in concert with educators
- Third party use of MMS products in education
 - Teachers, So Cal Edison, NOAA Sanctuary, USC, UC Santa Barbara, NEED



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Pacific Today and Tomorrow

- Cooperation with Federal, State, local agencies is crucial to success of projects
 - Regular meetings w/ other oil and gas regulators
 - Interagency Decommissioning Working Group: Meet w/ State & Local agencies regarding decommissioning.
 - Joint Federal/State Development Projects
 - State and local groups with alternative energy interest
 - Coastal Impact Assistance Program ramp-up